



Bank of America

1 5557

RECORDATION NO. 1 5557 Filed 1428

MAR 31 1988-3 40 PM

J. Richard Walsh
Senior Counsel

INTERSTATE COMMERCE COMMISSION

March 31, 1988

BY HAND

Honorable Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

No. 8-091A057

MAR 31 1988
Date.....

Fee \$26.00.....

ICC Washington, D. C.

Dear Ms. McGee:

On behalf of B.A. Leasing Corporation, I submit for filing and recording under 49 U.S.C. Section 11303(a) and the regulations promulgated thereunder, four (4) executed counterparts of a primary document, not previously recorded, entitled Lease Intended for Security dated as of March 31, 1988, and four (4) copies of a related secondary document not previously recorded, entitled Acceptance Supplement dated as of March 31, 1988.

New Member
and
- A

The parties to the enclosed Lease Intended for Security are:

B.A. Leasing Corporation - Lessor
Two Embarcadero Center
10th Floor
San Francisco, CA 94111

and

Elders Grain, Inc. - Lessee
8717 West 110th Street
Suite 600
Overland Park, KS 66210

The enclosed Acceptance Supplement is executed by Elders Grain, Inc. as lessee.

The said Lease Intended for Security and Acceptance Supplement cover, among other things, the leasing of certain designated hopper cars by B.A. Leasing Corporation to Elders Grain, Inc. The units of equipment covered by the Lease Intended for Security and the

Consent of J. R. Walsh

March 31, 1988
Page Two

Acceptance Supplement are those hopper cars identified in the Acceptance Supplement, a copy of which is attached hereto.

Short summaries of the documents to appear in the ICC Index are as follows:

"Lease Intended for Security of covered hopper cars.

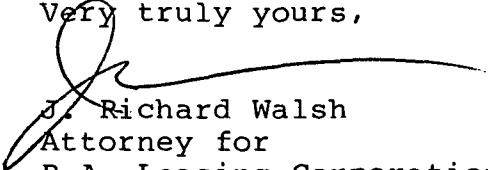
and

"Acceptance Supplement related to Lease Intended for Security."

Enclosed is a check in the amount of twenty six dollars (\$26) in payment of the filing fee.

Once the filing has been made, please return to bearer the stamped counterparts of the Lease Intended for Security and the Acceptance Supplement not needed for your files, together with the fee receipt, the letter from the ICC acknowledging the filings, and the two extra copies of this letter of transmittal.

Very truly yours,



J. Richard Walsh
Attorney for
B.A. Leasing Corporation

cc Allen H. Harrison
Matthew B. Gherlein
Dennis Dwyer

4653L

ACCEPTANCE SUPPLEMENT

Reference is made to the Lease Intended for Security dated as of March 3, 1988, between Elders Grain, Inc., as Lessee, and B. A. Leasing Corporation, as Lessor. All capitalized terms used herein shall have the same meaning as such terms have in such Lease.

Lessee confirms that the following Units have been accepted by Lessee for leasing under the Lease, that such Units have become subject to and governed by the provisions of the Lease, and that Lessee is obligated to pay the rentals and all other sums provided for in the Lease with respect to such Units:

<u>Reporting Marks</u>	<u>Month and Year Built</u>	<u>Builder</u>	<u>Purchase Price</u>
LGIX 225-229	April 1974	Pullman	All Units built
LGIX 231-236	April 1974	Pullman	in 1974 --
LGIX 238-246	April 1974	Pullman	\$16,500 each
LGIX 248-258	April 1974	Pullman	
LGIX 260-271	April 1974	Pullman	
LGIX 273-274	April 1974	Pullman	
LGIX 315-349	May 1975	ACF IND.	All Units built
LGIX 351-364	May 1975	ACF IND.	in 1975 --
LGIX 366-374	May 1975	ACF IND.	\$18,000 each
LGIX 375-379	August 1979	ACF IND.	All Units built
LGIX 381-383	August 1979	ACF IND.	in 1979 --
LGIX 385-400	August 1979	ACF IND.	\$24,100 each
LGIX 402-407	August 1979	ACF IND.	
LGIX 409-427	August 1979	ACF IND.	
LGIX 429-459	August 1979	ACF IND.	
LGIX 461-484	March 1980	Trinity	All Units built
LGIX 487	April 1980	Trinity	in 1980 --
LGIX 488-494	March 1980	Trinity	\$25,400 each
LGIX 496-497	April 1980	Trinity	
LGIX 498-499	April 1980	Trinity	
LGIX 500-503	March 1980	Trinity	
LGIX 505-508	March 1980	Trinity	
LGIX 509	April 1980	Trinity	
LGIX 510	April 1980	Trinity	
LGIX 511	April 1980	Trinity	
LGIX 513-514	April 1980	Trinity	
LGIX 515	March 1980	Trinity	
LGIX 516-519	April 1980	Trinity	
LGIX 521-532	April 1980	Trinity	

<u>Reporting Marks</u>	<u>Month and Year Built</u>	<u>Builder</u>
LGIX 534-542	April 1980	Trinity
LGIX 544-559	April 1980	Trinity
LGIX 560-617	November 1980	ACF IND.
LGIX 619-660	November 1980	ACF IND.
LGIX 661	November 1980	ACF IND.
LGIX 662-674	November 1980	ACF IND.
LGIX 676-698	November 1980	ACF IND.
LGIX 699	November 1980	ACF IND.
LGIX 701-710	November 1980	ACF IND.
LGIX 711-714	November 1980	ACF IND.

CONTINUED PAGE 3

Total Purchase Price

\$12,655,300.00

The Delivery Date in respect of such Units is March __, 1988.

IN WITNESS WHEREOF, Lessee has executed this Acceptance Supplement as of the Delivery Date set forth above.

ELDERS GRAIN, INC.

By: _____
Title: _____

LGIX 715-719	November 1980	ACF IND.
LGIX 720	November 1980	ACF IND.
LGIX 722	November 1980	ACF IND.
LGIX 723	November 1980	ACF IND.
LGIX 725-726	November 1980	ACF IND.
LGIX 728	November 1980	ACF IND.
LGIX 729	November 1980	ACF IND.
LGIX 731	November 1980	ACF IND.
LGIX 733-749	November 1980	ACF IND.
LGIX 751-758	November 1980	ACF IND.
LGIX 760-762	November 1980	ACF IND.
LGIX 784-795	November 1980	ACF IND.
LGIX 797-798	November 1980	ACF IND.
LGIX 800-823	November 1980	ACF IND.
LGIX 825-834	November 1980	ACF IND.

Interstate Commerce Commission
Washington, D.C. 20423

3/31/88

OFFICE OF THE SECRETARY

J. Richard Walsh
Senior Counsel
Bank Of America Natl. Trust
& Saving Assoc.
555 California St. Box 3700
San Francisco, Calif. 94137

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 3/31/88 at 3:40pm, and assigned recordation number(s). 15557 & 15557-A

Sincerely yours,

Nesta L. McGee
Secretary

Enclosure(s)

MAR 31 1988 -3 40 PM

LEASE INTENDED FOR SECURITY INTERSTATE COMMERCE COMMISSION

This LEASE INTENDED FOR SECURITY ("Lease") dated as of March 31, 1988, is between B.A. Leasing Corporation, a Delaware corporation, with its principal office at Two Embarcadero Center, San Francisco, California as lessor ("Lessor") and Elders Grain, Inc., a Delaware corporation, with its principal office at 8717 West 110th Street, Suite 600, Overland Park, Kansas 66210 ("Lessee").

Lessor agrees to acquire from Lessee and to lease to Lessee and Lessee agrees to hire from Lessor certain personal property (the "Units" and individually a "Unit") described in the Schedule (the "Schedule") attached hereto and made a part hereof, upon the terms and conditions hereinafter set forth:

Section 1. Procurement, Delivery and Acceptance.

1.1 On a date or dates to be mutually agreed upon by Lessor and Lessee, (the "Delivery Date") Lessor agrees to purchase from Lessee and lease back to Lessee the Units and Lessee agrees to sell to and Lessee agree to hire back from Lessor the Units, provided, however, the Delivery Date for

the Units must be within the Utilization Period set forth in the Schedule to this Lease.

1.2 The obligation of Lessor to pay for each Unit is subject to the following conditions:

(a) On or before the Delivery Date, Lessee shall have executed and delivered to Lessor a Bill of Sale with respect to each Unit to be sold to Lessor on the Delivery Date in the form of Exhibit A hereto;

(b) Lessor shall have received in form and substance satisfactory to Lessor an appraisal of the Units indicating the sum of the fair market value of the Units to be equal to or greater than the sum of the Purchase Prices of the Units as defined in the Schedule;

(c) On or before the Delivery Date Lessee shall provide evidence of ownership of the Units by Lessee free and clear of all liens, claims, security interests and encumbrances;

(d) On the Delivery Date, Lessee shall inspect to its satisfaction, and accept each Unit whereupon such Unit shall immediately become subject to and governed by all the provisions of this Lease;

(e) There shall exist as of the Delivery Date no Event of Default or any condition, event or act, which with

notice or lapse of time or both, would become an Event of Default, which has not been remedied or waived; and

(f) Receipt by Lessor of opinions, in form and substance satisfactory to Lessor, of special Australian counsel and special Interstate Commerce Commission ("ICC") counsel.

If any of the foregoing conditions have not been met with respect to any Unit, Lessor will have no obligation to Lessee or any third party to pay the Purchase Price for such Unit.

Lessee represents, warrants and covenants with respect to each Unit that (a) Lessee has the right to sell the Unit as set forth herein, (b) such Unit is, and the right, title and interest of Lessee in such Unit are, and as of the Delivery Date is or will be, free from all claims, liens, security interests and encumbrances, (c) Lessee acquired each Unit as set forth and from the predecessors described in Exhibit C hereto and no running or other numbers, other than those set forth in Exhibit C and the Schedule, have been used to identify the Units in the records of the Association of American Railroads ("AAR"), the ICC, the United States Department of Transportation ("DOT") or any other governmental body or organization having jurisdiction over any Unit, (d) Lessee will defend the sale against lawful claims and demands of all

persons, and (e) to the best of Lessee's knowledge, the Purchase Price of each Unit is equal to or less than the fair market value of such Unit at the time of the sale.

1.3 For each such Unit, Lessee shall execute and deliver to Lessor within fifteen days of the Delivery Date of that Unit an Acceptance Supplement in the form of Exhibit B hereto, confirming the Delivery Date of such Unit and the acceptance of such Unit as of the Delivery Date.

1.4 As soon as possible but no later than the Delivery Date of any Unit sold to Lessor hereunder, Lessee shall deliver or cause to be delivered to Lessor in form and substance satisfactory to Lessor:

(a) a certificate evidencing Lessee's corporate authority to enter into and perform its obligations under this Lease satisfactory to Lessor;

(b) a certificate as to the incumbency of the person or persons authorized to execute and deliver this Lease and any other agreements or documents required hereunder, including the signatures of such persons;

(c) a Guaranty substantially in the form of Exhibit D (the "Guaranty") executed by Elders IXL Limited ("Guarantor") and guarantying all of Lessee's obligations hereunder;

(d) opinion of Lessee's counsel;

- (e) opinion of Guarantor's counsel;
- (f) certificates of insurance, loss payable endorsements, or other evidence acceptable to Lessor that Lessees have complied with the provisions of Section 7 of this Lease;
- (g) evidence that this Lease and all appropriate documents have been properly recorded in the records of the Interstate Commerce Commission pursuant to 49 U.S.C. §11303;
- (h) evidence that appropriate financing statements have been filed in all jurisdictions necessary to properly perfect Lessor's interest in the Units; and
- (i) such other documents as may be reasonably requested by Lessor.

Section 2. Term, Rent and Payment.

2.1 The term of this Lease as to each Unit shall commence on the Delivery Date in respect thereof and continue as specified in the Schedule.

2.2 Lessee shall pay to Lessor rental for each Unit in the amounts and at the times set forth in the Schedule.

2.3 Rent and all other sums due Lessor hereunder shall be paid at the principal office of Lessor set forth above.

2.4 This Lease is a net lease and Lessee shall not be entitled to any abatement or reduction of rent or any setoff

against rent, whether arising by reason of any past, present or future claims of any nature by Lessee against Lessor or otherwise. Except as otherwise expressly provided herein, this Lease shall not terminate, nor shall the obligations of Lessor or Lessee be otherwise affected by reason of any defect in, damage to, loss of possession or use or destruction of any Unit, however caused, by the attachment of any lien, encumbrance, security interest or other right or claim of any third party to any Unit, by any prohibition or restriction of or interference with Lessee's use of the Unit by any person or entity, or by the insolvency of or the commencement by or against Lessee of any bankruptcy, reorganization or similar proceeding, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding. It is the intention of the parties that all rent and other amounts payable by Lessee's hereunder shall be payable in all events in the manner and at the times herein provided unless Lessee's obligations in respect thereof have been terminated pursuant to the express provisions of this Lease.

Section 3. Representations, Warranties, Covenants.

3.1 LESSEE ACKNOWLEDGES AND AGREES THAT (a) EACH UNIT IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE ACCEPTABLE TO LESSEE, (b) LESSEE IS SATISFIED THAT THE SAME IS SUITABLE FOR

ITS PURPOSES, (c) LESSOR IS NOT A MANUFACTURER THEREOF NOR A DEALER IN PROPERTY OF SUCH KIND AND (d) LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION OR WARRANTY OR COVENANT WITH RESPECT TO THE TITLE, MERCHANTABILITY, CONDITION, QUALITY, DESCRIPTION, DURABILITY OR SUITABILITY OF ANY SUCH UNIT IN ANY RESPECT OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF ANY LESSEE. Lessor hereby assigns to Lessee, to the extent assignable, all of its interest, if any, in any warranties, covenants and representations of any manufacturer of any Unit, provided that any action taken by Lessee by reason thereof shall be at the expense of Lessee and shall be consistent with Lessee's obligations pursuant to Section 2 hereunder.

3.2 Lessee acknowledges and agrees that Lessor has made no representations and warranties concerning the tax, accounting or legal characteristics of this Lease and that lessee has obtained and relied on such tax, accounting and legal advice regarding this Lease as it deems appropriate.

3.3 Lessee represents, warrants and covenants that:

(a) Lessee is a corporation duly organized, validly existing and in good standing under the laws of Delaware.

(b) Lessee is duly licensed or qualified to possess and operate the Units, to own its properties

and to transact business wherever necessary to carry on its present business and operations.

(c) Lessee has full power and authority, corporate and otherwise, to execute, deliver, and perform its obligations under this Lease, and to perform and observe the terms and conditions of all documents, agreements or instruments executed in connection herewith.

(d) The execution, delivery and performance of this Lease and all documents, agreements or instruments executed in connection herewith have been duly authorized by all necessary action on the part of Lessee and do not and will not contravene any law, governmental rule, regulation, order, instrument, document or agreement binding on Lessee and all approvals or consents of any governmental authority required in connection with this Lease and all documents, agreements or instruments executed in connection herewith have been obtained.

(e) Lessee is not in breach of any of the terms, covenants, conditions and provisions of or in default under, or has done or omitted to do anything which, with the giving of notice or lapse of time or both, might constitute a default under, any law, decree,

regulation or similar enactment, any instrument, agreement or other obligation or any judgment, injunction or other order or award of any judicial, administrative, governmental or other authority or arbitrator by which it or any of its assets is bound and which is likely to have a material adverse effect on the financial condition, business or operations of Lessee.

(f) The officers of Lessee executing this Lease are duly and properly in office and fully authorized to execute this Lease.

(g) No action or proceeding has been instituted nor is any governmental action threatened before any court or governmental agency, nor has any order, judgment or decree been issued or proposed to be issued by any court or governmental agency to set aside, restrain, enjoin or prevent the completion and consummation of this Lease or any part of this lease transaction.

(h) There are no pending or, to Lessee's knowledge, threatened actions or proceedings before any court or administrative agency against Lessee which, if adversely determined to Lessee, would have a materially adverse effect on the financial condition,

business or operations of Lessee, or the ability of Lessee to carry on its business or to perform its obligations under this Lease;

(i) This Lease is a legal, valid and binding obligation of and enforceable against Lessee in accordance with its terms, and the Acceptance Supplement, when executed and delivered, will be similarly legal, valid, binding and enforceable against Lessee in accordance with its terms subject to the effect of bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditor's rights generally and subject to the application of general principles of equity;

(j) Lessee shall obtain and maintain in full force and effect and comply with the terms of all authorizations, approvals, licenses, registrations, consents and declarations from all bodies of government, ministries, agencies and other authorities from time to time required by the laws of the place of its incorporation or otherwise appropriate in order for Lessee to incur the obligations assumed by it in or pursuant to this Lease and for Lessee (i) to execute and deliver all other documents and instruments to be delivered pursuant to this Lease and

(ii) to perform and observe the terms and provisions hereof and thereof.

(k) Lessee will promptly give written notice to Lessor of any litigation or arbitration or administrative or other proceeding before or of any judicial, administrative, governmental or other authority or arbitrator, of any dispute with any governmental regulatory body or law enforcement authority, of any labor dispute or of any other event which has or may have a material adverse effect upon the financial conditions, business or operations of Lessee;

(l) All financial statements, information and other data furnished by or on behalf of Lessee to Lessor are complete and correct in all material respects and prepared in accordance with generally accepted accounting principles. Since the date of said financial statements, there has been no material adverse change in Lessee's financial condition, business or operations, or a materially adverse change which might impair Lessee's ability to perform its obligations under this Lease;

(m) the Units will be used and operated by Lessee exclusively in interstate or foreign commerce; and

(n) Lessee will, immediately upon becoming aware of the same notify Lessor by telex or telecopy of the occurrence and continuance of any Event of Default and of any other event which, with the giving of notice or lapse of time or both, would constitute an Event of Default and at the same time inform Lessor of any action taken or proposed to be taken in connection therewith.

3.4 Lessee covenants and agrees that within ten (10) days of the Delivery Date of each Unit such Unit will be duly registered, if necessary, in the name of Lessor under the laws of any country in which the Unit will be located and all actions necessary to perfect Lessor's title and interest in the Unit will be taken.

Section 4. Possession, Use and Maintenance.

4.1 Lessee shall not use, operate, maintain or store any Unit improperly, carelessly or in violation of applicable laws or regulations or in violation of any license or registration relating to any Unit. In the event that such laws or rules require any alteration, replacement or addition of or to any part of any Unit, Lessee will conform therewith at its own expense and such alteration, replacement or addition shall without further action become subject to this Lease; provided, however that Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner

which does not, in the opinion of Lessor, adversely effect the property or rights of Lessor under this Lease.

Lessee shall not (a) operate or locate any Unit, or suffer any Unit to be operated or located in any area excluded from coverage by any insurance in effect or required to be maintained by the terms of Section 7, except in the case of requisition by the United States Government, where Lessee obtains indemnity in lieu of such insurance from the United States Government against the risks and in the amounts required by Section 7 covering such area, or (b) defer or postpone any maintenance of any Unit otherwise required pursuant to this Section 4 or install replacement components with excessive wear or install replacement components which do not meet all applicable standards of the AAR and the Federal Railroad Administration.

As long as Lessee shall not be in default under this Lease, Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease. Lessee will not, without the prior written consent of Lessor, sublease or otherwise in any manner deliver, transfer or voluntarily relinquish possession, or enter into any contract or arrangement obligating them to deliver, transfer or relinquish possession, of any Unit or permit any Unit to be installed on any other equipment, except that, so long as no default exists

and so long as the action to be taken does not affect the security interest created under this Lease in the Units, without the prior written consent of Lessor, Lessee may:

(x) subject any Unit to interchange agreements in the normal course of Lessee's business; or

(y) subject any Unit to a pooling arrangement with any Class I United States railroad in the normal course of Lessee's business if all Transportation Agreements or other documents implementing such pooling arrangement (i) are provided to Lessor at least 10 business days prior to their execution, (ii) incorporate provisions expressly (A) making such pooling arrangement subject and subordinate to the terms of this Lease and to the prior interest of Lessor in the Units, (B) terminating such pooling arrangement with respect to any Unit upon the termination of this Lease with respect to such Unit, and (C) requiring any person in possession of any Unit pursuant to such pooling arrangement to return such Unit to Lessor if notified by Lessor or Lessee of the termination of this Lease other than a termination of this Lease at the end of the Base Term hereof and after payment of all of Lessee's obligations hereunder; or

(z) deliver possession of any Unit to the manufacturer thereof for testing or other similar purposes or to any organization for service, repair, maintenance or overhaul work on such Unit or for alterations or modifications

in or additions to such Unit to the extent required or permitted by this Lease.

Lessee at its own expense, will promptly pay or discharge any and all sums claimed by any party, (other than claims arising, by, through or under Lessor which are not Impositions as defined in Section 5.1) which, if unpaid, might become a lien, charge, security interest or other encumbrance upon or with respect to any Unit, including any accession thereto, or the interest of Lessor or Lessee therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises.

4.2 Lessee agrees to prepare and deliver to Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor within any federal, state or other regulatory authority by reason of the ownership by Lessor of the Units or the leasing thereof to the Lessee.

Any and all parts installed on the additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit and were installed or were added to such Unit in contravention of its agreements contained in Section 4.4 hereof, or (ii) the cost of which is included in the purchase price of such Unit, or (iii) in the course of ordinary maintenance of the Units or (iv) which are required for the operation or use of such Unit by the

interchange rules of the AAR or by the regulations of the DOT, the ICC or any other governmental body or organization, shall constitute accessions to such Unit and full ownership thereof free from any lien, charge, security interest or encumbrance shall immediately be vested in the Lessor.

4.3 Lessee, at its own cost and expense, at all times during the term of this Lease shall:

(a) maintain, inspect, service, repair, overhaul and test each Unit in compliance with all the requirements of the AAR and the DOT and any other governmental body or organization with jurisdiction so as to keep such Unit (i) in good operating order, repair and condition, ordinary wear and tear excepted, (ii) otherwise in the same condition as when delivered to Lessee hereunder, but with no broken, damaged or missing items or components, and (iii) fully serviced and inspected to the standards of Lessee applicable to Lessee owned or leased units like the Units, and so as to maintain in full force all warranties of manufacturers and suppliers of Unit components, and in such operating condition as may be necessary to enable any approvals required by any governmental body or organization to be maintained in good standing at all times under applicable law and such that each Unit

will be suitable for immediate purchase or lease and immediate regular use in mainline freight service by a Class I line-haul railroad, but in any event in a manner, to an extent and with a standard of care and frequency of maintenance not less than that employed by Lessee with respect to similar equipment owned or leased by Lessee, which practices shall at all times be at or above the standard of the railroad industry for maintenance of similar equipment by Class I line-haul railroads and any applicable AAR standards;

(b) promptly furnish to Lessor such information as may be required to enable Lessor to file any reports required by any other governmental body or organization with jurisdiction as a result of Lessor's ownership of the Units; and

(c) pay for and provide all repairs, parts and supplies consumed by and required for the operation of the Units.

In addition, Lessee, at its own expense, will cause each Unit to be registered at all times with The Universal Machine Language Equipment Register of the AAR, to the extent applicable to such Equipment.

4.4 Lessee shall not alter any Unit or affix or install any accessory, equipment or device on any Unit if such

alteration or addition will impair the originally intended function or use or reduce the value of any such Unit. Lessee, at its own cost and expense, may from time to time make such other additions, modifications and improvements to the Units during the term of this Lease as are readily removable without causing material damage to the Units and do not adversely and materially affect the value of the Units. The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee if removed from the Units prior to the time such Units are returned as provided in Section 9, except to the extent such additions, modifications or improvements are made in order to comply with Section 4.3 hereof.

4.5 Lessee will cause each Unit to be kept numbered with the identifying number set forth in the Schedule, and will within a reasonable time after the Delivery Date mark and thereafter keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A LEASE INTENDED FOR SECURITY FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's interest in such Unit and the rights of Lessor under

this Lease. After initially marked, Lessee will not place any such Unit in operation or exercise any control or dominion over the same unless such name and words shall have been so marked on both sides thereof and will replace promptly any such name and words which may be removed, obliterated, defaced or destroyed. Lessee will not change the identifying number of any Unit unless (a) a statement of new number or numbers to be substituted therefor has been filed with Lessor and filed, recorded and deposited by Lessees in all public offices where this Lease is filed, recorded and deposited, and (b) Lessee furnishes Lessor an opinion of counsel to that effect and to the further effect that such filing, recordation and deposit will protect Lessor's interests in such Unit and that no filing, recording, depositing or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interest of Lessor in such Unit.

Except as above provided, Lessee, so long as this Lease remains in effect, will not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; provided, however, that Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by Lessee or its affiliates on railroad equipment used by them of the same or a similar type for

convenience of identification of their rights to use the Units as permitted under this Lease.

4.6 Throughout the term of this Lease, Lessee shall keep accurate, complete and current written records (complying with the requirements of each governmental body or other organization with jurisdiction and any other regulations from time to time in force, with the recommendations of any manufacturer or supplier of any Units or component of any Unit, with the terms of this Lease and with good commercial practice) of all maintenance, including overhauls and the dates of the replacement or overhaul of major components carried out with respect to each Unit, and any other records, logs or other material required to be maintained by any governmental body or organization with jurisdiction and shall permit Lessor or any authorized representative of Lessor, to examine such records at any reasonable time.

On or before March 31 in each year, commencing with the calendar year 1989, Lessee will cause to be furnished to Lessor an accurate statement; as of the preceding December 31, showing the amount, description and numbers of the Units (a) then leased hereunder, (b) that have suffered an Event of Loss during the preceding 12 months (or since the date of this Lease in the case of the first such statement) and (c) in Lessee's knowledge then undergoing repairs (other than running repairs)

or then withdrawn from use pending such repairs and setting forth such other information regarding the condition and state of repair of the Units as Lessor may reasonably request, and stating that, in the case of all Units repainted or repaired during the period covered by such statement, the markings required by Section 4.5 have been preserved or replaced.

Section 5. General Tax Indemnity.

5.1 Lessee agrees to pay or reimburse Lessor for, and to indemnify and hold Lessor harmless from, all fees (including, but not limited to, license, documentation, recording or registration fees), and all sales, use, gross receipts, personal property, occupational, value added or other taxes, levies, imposts, duties, assessments, charges or withholdings of any nature whatsoever, together with any penalties, fines or additions to tax, or interest thereon (all of the foregoing being hereafter referred to as "Impositions"), arising at any time prior to or during the term of this Lease, or upon any termination of this Lease or upon the return of the Units to Lessor, and levied or imposed upon Lessor, directly or otherwise, by any federal, state or local government or taxing authority in the United States or by any foreign country or foreign or international taxing authority upon or with respect to (a) any Unit, (b) the exportation, importation, registration, purchase, ownership, delivery, leasing,

possession, use, operation, storage, maintenance, repair, return, sale, transfer of title or other disposition thereof, (c) the rentals, receipts, or earnings arising from any Unit, or (d) this Lease or any payment made hereunder, excluding, however, taxes measured by Lessor's net income imposed or levied by the United States or any state thereof but not excluding any such net income taxes which by the terms of the statute imposing such tax expressly relieves Lessee or Lessor from the payment of any Impositions which Lessee would otherwise have been obligated to pay, reimburse or indemnify.

5.2 Lessee agrees to pay on or before the time or times prescribed by law any Impositions (except any Impositions excluded by Section 5.1) provided, however, that Lessee shall be under no obligation to pay any such Imposition so long as Lessee is contesting such Imposition in good faith and by appropriate legal proceedings and the nonpayment thereof does not, in the opinion of Lessor, adversely affect the title, property, use, disposition or other rights of Lessor with respect to the Units. If any Impositions (except any Impositions excluded by Section 5.1) shall have been charged or levied against Lessor directly and paid by Lessor, Lessee shall reimburse Lessor on presentation of an invoice therefor to Lessee.

5.3 If Lessor shall not be entitled to a

corresponding and equal deduction with respect to any Imposition which Lessee is required to pay or reimburse under Sections 5.1 or 5.2 and which payment or reimbursement constitutes income to Lessor, then Lessee shall also pay to Lessor the amount of any Impositions which Lessor is obligated to pay in respect of (a) such payment or reimbursement by Lessee and (b) any payment by Lessee made pursuant to this Section 5.3.

5.4 Lessee shall prepare and file, in a manner satisfactory to Lessor, any reports or returns which may be required with respect to the Units by any governmental body or other organization with jurisdiction.

Section 6. Risk of Loss; Waiver and Indemnity.

6.1 In the event that any Unit shall be or become worn out, lost, stolen, destroyed or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (any such occurrence being hereinafter called a "Casualty Occurrence") prior to or during the term of this Lease as to such Unit, Lessee shall give Lessor notice thereof promptly, but in all events within 90 days of such Casualty Occurrence. On the first rental payment date following such notice of a Casualty Occurrence or, if there is no such rental payment date, 30 days after such notice of Casualty Occurrence,

Lessee shall pay to Lessor an amount equal to the then "Balance Due" (as hereinafter defined) for such Unit. The Balance Due for each Unit is the sum of

(a) any and all amounts with respect to such Unit which under the terms of this Lease may be then due or which may have accrued to such payment date (computing the rental for any number of days less than a full rental period by multiplying the rental for such rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period); plus

(b) on the Delivery Date for such Unit as set forth in the Schedule, the amount Lessor is obligated to pay for such Unit, and thereafter, the sum of (i) the present value, as of such payment date, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from such payment date to the end of the term of this Lease as to such Unit, and (ii) the present value, as of such payment date, of the amount of the balloon payment (as defined in the Schedule). Such present values are to be computed in each case by discounting at the Implicit Interest Rate set forth in the Schedule.

Upon the making of such payment by Lessee in respect of any

Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and Lessee shall be entitled to possession of such Unit. Provided that Lessor has received the Balance Due for such Unit, Lessee shall be entitled to the proceeds of any recovery in respect of such Unit from insurance or otherwise, and Lessor, subject to the rights of any insurer insuring the Units as provided herein, shall execute and deliver, to Lessee, or to its assignee or nominee, a bill of sale (without representations or warranties except that such Unit is free and clear of all claims, liens, security interests and other encumbrances by or in favor of any person claiming by, through or under Lessor) for such Unit, and such other documents as may be required to release such Unit from the terms of this Lease and to transfer title thereto to Lessee or such assignee or nominee, in such form as may reasonably be requested by Lessee, all at Lessee's expense. Except as hereinabove in this Section 6.1 provided, Lessee shall not be released from their obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit prior to or during the term of this Lease with respect to such Unit.

6.2 Lessee hereby waives and releases any claim now or hereafter existing against Lessor on account of, and agree to indemnify, reimburse and hold Lessor harmless from, any and

all claims (including, but not limited to, claims relating to patent infringement and claims based upon strict liability in tort), losses, liabilities, demands, suits, judgments or causes of action, and all legal proceedings, and any costs or expenses in connection therewith, including allocated charges, costs and expenses of the Legal Department of Bank of America National Trust and Savings Association and any other attorneys' fees and expenses incurred by Lessor, which may result from or arise in any manner out of the delivery, condition, use or operation of any Unit prior to or during the term of this Lease as to such Unit, or which may be attributable to any defect in any Unit arising from the material or any article used therein or from the design, testing or use thereof, or from any maintenance, service, repair, overhaul or testing of any Unit conducted prior to or during the term of this Lease, regardless of when such defect shall be discovered, whether or not such Unit is in the possession of Lessee and no matter where it is located.

Section 7. Insurance.

Lessee, at its own cost and expense, shall maintain public liability insurance against such risks and for such amounts as Lessor may require. All such insurance shall be in such form and with such companies as Lessor shall approve, shall specify Lessor and Lessee as insureds and shall provide

that such insurance may not be cancellable as to Lessor or altered in any way which would affect the interest of Lessor, without at least ten days prior written notice to Lessor. All liability insurance shall be primary, without right of contribution from any other insurance carried by Lessor. Lessee shall keep each Unit insured against all risks, in such amounts as Lessee maintains for other similar equipment, including amounts self-insured by Lessee. All insurance covering loss or damage to the Units shall contain a "breach of warranty" provision satisfactory to Lessor and shall provide that all amounts payable by reason of loss or damage to the Units shall be payable solely to Lessor.

Section 8. Default.

8.1 The following shall constitute events of default ("Events of Default") hereunder:

- (a) Lessee shall fail to make any payments to Lessor when due hereunder;
- (b) Any representation or warranty of Lessee contained herein or in any document furnished to Lessor in connection herewith shall be incorrect or misleading in any material respect when made;
- (c) Lessee shall fail to observe or perform any other covenant, agreement or warranty made by Lessee

hereunder and such failure shall continue for thirty days after written notice thereof to Lessee;

(d) Any default shall occur under any other agreement between either Lessee or Guarantor and Lessor, including but not limited to the Guaranty, or under any agreement between either Lessee or Guarantor and any affiliate of Lessor;

(e) Either Lessee or Guarantor shall make an assignment for the benefit of creditors or shall file any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors; or

(f) Any involuntary petition shall be filed under any bankruptcy, reorganization, insolvency or moratorium law against either Lessee or Guarantor, or any receiver, trustee, custodian or similar official shall be appointed to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty days from the date of said filing or appointment.

8.2 If any Event of Default shall occur, Lessor, at its option, may:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce

performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to Lessee terminate this Lease, but Lessee shall remain liable as hereinafter provided; Lessor may, at its option, do any one or more of the following: (i) declare the aggregate Balance Due with respect to the Units immediately due and payable and recover any damages and expenses in addition thereto which Lessor shall have sustained by reason of the breach of any covenant, representation or warranty contained in this Lease other than for the payment of rental and upon payment of all obligations of Lessee hereunder Lessor shall assert no further interest in the Units; (ii) enforce the security interest given hereunder pursuant to the Uniform Commercial Code or any other law; (iii) enter upon the premises where any of the Units may be and take possession of all or any of such Units; and (iv) require Lessee to return such Units as provided in Section 9 hereof; or

(c) if any Event of Default under the Purchase Provision of the Schedule shall occur, avail itself of any of the remedies set forth in (a) and (b) above.

8.3 Lessor shall have any and all rights given to a

secured party by law, and may, but is not required to, sell the Units in one or more sales. Lessor may purchase at such sale. Lessee acknowledges that sales for cash or on credit to a wholesaler, retailer or user of the Units, or at public or private auction, are all commercially reasonable. The proceeds of such sale shall be applied in the following order: First, to the reasonable expenses of retaking, holding, preparing for sale and selling, including the allocated charges, costs and expenses of the Legal Department of Bank of America National Trust and Savings Association and any other attorneys' fees and expenses incurred by Lessor; Second, to the amounts, except those specified below, which under the terms of this Lease are due or have accrued; Third, to late charges; and Fourth, to the aggregate Balance Due. Any surplus shall be paid to the person or persons legally entitled thereto. If the sale proceeds do not equal the total obligation of Lessee hereunder, Lessee will promptly pay the deficiency to Lessor.

8.4 Lessee agrees to pay all allocated charges, costs and expenses of the Legal Department of Bank of America National Trust and Savings Association and any other attorneys' fees, expenses or out-of-pocket costs incurred by Lessor in enforcing this Lease.

8.5 The remedies hereunder provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity.

8.6 If Lessee fails to perform any of its agreements contained herein, Lessor may perform such agreement, and the expenses incurred by Lessor in connection with such performance shall be payable by Lessee upon demand.

Section 9. Return of Units.

Upon expiration of the term of this Lease with respect to any Unit but subject to the Purchase Provision at Item I of the Schedule, or if Lessor shall rightfully demand possession of any Unit pursuant to this Lease or otherwise, Lessee, at its own cost and expense, shall forthwith deliver possession of such Unit to Lessor upon such storage tracks of Lessee as Lessor may reasonably designate, or, in the absence of such designation, as Lessee may select, and secure for Lessor storage rights for, or permit Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any carrier for shipment, all as directed by Lessor; the movement and storage of such Unit to be at the expense and risk of Lessee. Lessee shall pay rental at the rate of 0.043856% per day of the Purchase Price of any Unit not returned to Lessor at the designated storage tracks on the expiration date of this Lease with respect to such Unit. Each Unit returned to Lessor pursuant to this section shall (a) be in full compliance with

Section 4, and shall be free and clear of all liens other than this Lease, (b) be in the same operating order, repair and condition as when originally delivered to Lessee, ordinary wear and tear excepted, (c) meet the standards then in effect under the Interchange Rules of the AAR or its successor, (d) have removed therefrom by Lessee without cost or expense to Lessor all additions, modifications and improvements not the property of Lessor, and (e) Lessee shall execute and deliver to Lessor such instruments of release and termination of this Lease as to such Unit, in form suitable for recording at such public offices as Lessor may request to make clear upon public records that such Unit is free and clear of all rights of Lessee therein hereunder or otherwise. During any such storage period Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit, to inspect the same; provided, however, that Lessee shall not be liable, except in the case of negligence of Lessee or of its employees or agents, for any injury to, or death of, any person exercising, either on behalf of Lessor or any prospective purchaser or user, the rights of inspection granted under this sentence. During any such storage period Lessee shall maintain the Units in such manner as Lessee normally maintains similar units of railroad

equipment owned or leased by it in similar circumstances. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to assemble, deliver, store and transport the Units.

Section 10. Assignment.

All or any of the right, title or interest of Lessor in and to this Lease and the rights, benefits and advantages of Lessor hereunder, including the rights to receive payment of rental or any other payment hereunder, and title to the Units, may be assigned or transferred by Lessor at any time. Any such assignment or transfer shall be subject and subordinate to the terms and provisions of this Lease and the rights and interests of Lessee hereunder. No assignment of this Lease or any right or obligation hereunder may be made by either Lessee or any assignee of Lessee without the prior written consent of Lessor.

Section 11. Ownership, Security Interest and Further Assurances.

Unless assigned by Lessor, or applicable law otherwise provides, title to and ownership of the Units shall remain in

Lessor as security for the obligations of Lessee hereunder until Lessee has fulfilled all of its obligations hereunder. Lessee hereby grants to Lessor a continuing security interest in the Units to secure the payment of all sums due hereunder and Lessee shall, at its own cost and expense: (a) cause this Lease and any assignment hereof to be filed with the ICC pursuant to 49 U.S.C. § 11303, and will undertake any required re-filing, re-recording and re-depositing thereof and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will re-file, re-register, re-record or re-deposit whenever required) any and all further instruments required by law or reasonably requested by Lessor for the purpose of proper protection, to its satisfaction, of Lessor's interest in the Units, or for the purpose of carrying out the intention of this Lease; (b) promptly furnish to Lessor evidence of each such filing, registering, recording or depositing, and an opinion or opinions of counsel for Lessee with respect thereto satisfactory to Lessor; (c) to the extent registration of title of any Unit is required under any applicable law, immediately upon the delivery thereof pursuant to Section 1 or at any time thereafter as such registration may be required, as the case may be, cause such Unit to be and to remain duly registered

under the laws of the United States of America and cause this Lease, to be duly recorded and maintained as a first Lien; and (d) maintain such registration of such Unit in the United States under any such applicable law, and, to the extent required by applicable law, the recordation with each relevant governmental body of this Lease and promptly deliver to Lessor true copies of all applications made in relation to such Unit, of all certificates of registration issued pursuant to such applications and of all notifications given pursuant to such registration or recordation, and shall not do, or permit to be done by any person, any act which might cause such Unit to be ineligible for such registration.

Section 12. Late Payments.

Lessee shall pay to Lessor, on demand, interest at the rate set forth in the Schedule on the amount of any payment not made when due hereunder from the date due until payment is made.

Section 13. Effect of Waiver.

No delay or omission to exercise any right, power or remedy accruing to Lessor upon any breach or default of Lessee hereunder shall impair any such right, power or remedy nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein or of or in any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other

breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of Lessor of any breach or default under this Lease must be in writing specifically set forth.

Section 14. Survival of Covenants.

All covenants of Lessee under Sections 1, 2, 3, 4, 5, 6, 8, 9, 11, 12, 13, 16 and the Purchase Provision set forth on the Schedule shall survive the expiration or termination of this Lease to the extent required for their full observance and performance.

Section 15. Applicable Law.

THIS LEASE SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF CALIFORNIA, provided, however, that the parties shall be entitled to all rights conferred by the Interstate Commerce Act.

Section 16. Effect and Modification of Lease.

This Lease exclusively and completely states the rights of Lessor and Lessee with respect to the leasing of the Units and supersedes all prior agreements, oral or written, with respect thereto. No variation or modification of this Lease shall be valid unless in writing.

Section 17. Financial Information.

Lessee shall keep its books and records in accordance with generally accepted accounting principles and practices

consistently applied and shall deliver to Lessor (a) as soon as possible but not later than 120 days after the end of Lessee's fiscal year, or such longer period as Lessor may agree, their annual audited financial statements in every case audited by Lessee's auditor and with the opinion of such auditor thereon without qualification as a result of variance with generally accepted accounting principles; and (b) as soon as possible but not later than 90 days after the end of each quarter, or such longer period as Lessor may agree, the unaudited quarterly financial statements of Lessee. Credit information relating to Lessee may be disseminated among Lessor and any of its affiliates.

Section 18. Notices.

All demands, notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to a telegraph office, charges prepaid, addressed to each party at the address set forth below the signature of such party on the signature page, or at such other address as may hereafter be furnished in writing by either party to the other.

Section 19. Counterparts.

Three counterparts of this Lease have been executed by the parties hereto. One counterpart has been prominently marked "Lessor's Copy." One counterpart has been prominently

marked "Lessee's Copy." Only the counterpart marked "Lessor's Copy" shall evidence a monetary obligation of Lessee.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

ELDERS GRAIN, INC.

By *[Signature]*

Title EXECUTIVE V.P.

By _____

Title _____

Address: 8717 West 110th Street
Suite 600
Overland Park, Kansas 66210

State of Kansas
County of Johnson SS.

BEFORE ME, the undersigned notary, on this day personally appeared HAROLD A. CARTER, to me personally known who, being by me duly sworn, says that he/she is a EXECUTIVE V.P. of Elders Grain, Inc. ("Company"), that the above Lease Intended for Security ("Lease") was signed on behalf of the said Company by authority of its Board of Directors and he/she acknowledged that the execution of the foregoing Lease was the free act and deed of the said Company.

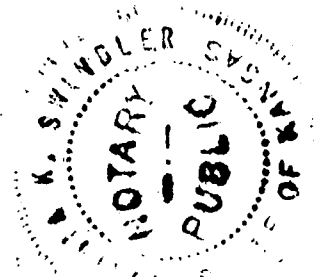
GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 31st day of March, 1988.

[SEAL]

[Signature]
NOTARY PUBLIC

My Commission Expires:

11/19/91



B.A. LEASING CORPORATION

By Gerald Tolen

Title President Vice President

By John J. Redberg

Title Assistant Treasurer

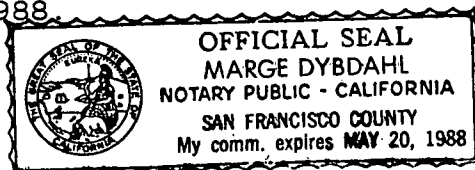
Address: Two Embarcadero Center
10th Floor
San Francisco, CA 94111

State of)
County of) SS.
)

BEFORE ME, the undersigned notary, on this day personally appeared Gerald Tolen, to me personally known who, being by me duly sworn, says that he/she is a DVP of B.A. Leasing Corporation ("Company"), that the above Lease Intended for Security ("Lease") was signed on behalf of the said Company by authority of its Board of Directors and he/she acknowledged that the execution of the foregoing Lease was the free act and deed of the said Company.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 30th day of March, 1988.

[SEAL]



Marge Dybdahl
NOTARY PUBLIC

My Commission Expires:

May 20, 1988

State of)
County of) SS.
)

BEFORE ME, the undersigned notary, on this day personally appeared Lynn Goldberg to me personally known who, being by me duly sworn, says that he/she is a Assistant Treasurer of B.A. Leasing Corporation ("Company"), that the above Lease Intended for Security ("Lease") was signed on behalf of the said Company by authority of its Board of Directors and he/she acknowledged that the execution of the foregoing Lease was the free act and deed of the said Company.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this day of March, 1988.

[SEAL]



Marge Dybdahl
NOTARY PUBLIC

My Commission Expires:

May 20, 1988

SCHEDULE TO LEASE INTENDED FOR SECURITY
DATED AS OF MARCH, 1988
BETWEEN ELDERS GRAIN, INC., ELDERS IXL LIMITED
AND B.A. LEASING CORPORATION

A. Description of Units.

535 type C-113 L covered hopper rail cars bearing the
following reporting marks:

LGIX 225-229	LGIX 496-497
LGIX 231-236	LGIX 498-499
LGIX 238-246	LGIX 500-503
LGIX 248-258	LGIX 505-508
LGIX 260-271	LGIX 509
LGIX 273-274	LGIX 510
LGIX 315-349	LGIX 511
LGIX 351-364	LGIX 513-514
LGIX 366-374	LGIX 515
LGIX 375-379	LGIX 516-519
LGIX 381-383	LGIX 521-532
LGIX 385-400	LGIX 534-542
LGIX 402-407	LGIX 544-559
LGIX 409-427	LGIX 560-617
LGIX 429-459	LGIX 619-660
LGIX 461-484	LGIX 661
LGIX 487	LGIX 662-674
LGIX 488-494	LGIX 676-698

LGIX 699	LGIX 729
LGIX 701-710	LGIX 731
LGIX 711-714	LGIX 733-749
LGIX 715-719	LGIX 751-758
LGIX 720	LGIX 760-782
LGIX 722	LGIX 784-795
LGIX 723	LGIX 797-798
LGIX 725-726	LGIX 800-823
LGIX 728	LGIX 825-834

B. Purchase Price.

Purchase Price with respect to each Unit shall mean the amount Lessor is obligated to pay for such Unit. Without the prior written consent of Lessor, the sum of the Purchase Price of all Units leased hereunder shall not exceed \$12,655,300.00, and the sum of the Purchase Price of all Units leased hereunder plus the total cost of equipment leased pursuant to any other lease agreements of even date herewith between Lessees and any corporation affiliated with Lessor, shall not exceed \$12,655,300.00.

C. Term.

The lease term for each Unit shall commence on the Delivery Date in respect thereof which shall be the Base Date for such Unit. The Base Term for each Unit shall commence on

the Base Date for such Unit and shall continue for the number of months specified below.

No. of Months of Base Term

84

D. Rental.

Base Rental: During the Base Term, Lessee shall pay rental for each Unit, in 28 consecutive quarterly installments commencing 3 months after the Base Date for such Unit. Each rental payment for each Unit shall be in an amount equal to the percentage of the Purchase Price of such Unit specified below. The rental is determined, in part, on the basis of a 360 day year and actual days elapsed which results in a higher rental than if a 365 day year were used.

% of Purchase Price

3.946978%

E. Utilization Period.

The Delivery Date for Units leased hereunder must occur between the date of execution of this Lease and March 31, 1988.

F. Interest on Late Payments.

The interest rate on late payments shall be the greater of (i) Bank of America National Trust and Savings Association's "Reference Rate" (the rate of interest publicly announced from time to time by Bank of America National Trust and Savings Association in San Francisco, California, as its Reference Rate, which rate is set by the bank based on various factors, including bank's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, with any change in the Reference Rate to take effect on the day specified in the public announcement of such change) plus 100 basis points or (ii) 12% per annum both based on a 360 day year and actual days elapsed which results in more interest than if a 365 day year were used.

G. Location.

The Units shall be principally located in the United States but may be operated from time to time in Canada or Mexico in the same manner Lessee may operate other similar equipment.

H. Implicit Interest Rate.

The Implicit Interest Rate is 9.7% per annum compounded quarterly and computed on the basis of a 360 day year and actual days elapsed which results in more interest than if a 365 day year were used.

I. Purchase Provision.

At least one year before the end of the lease term ("Sales Period") for the first Unit delivered to Lessee, Lessee shall notify Lessor of its election of option (a) or (b) below and at the end of the lease term for all Units, provided that this Lease has not been earlier terminated with respect to such Unit or Units, Lessee shall in accordance with its election:

- a. Purchase all Units for an amount equal to 40% of the sum of the Purchase Price of each Unit (which amount is referred to herein as the balloon payment); or
- b. Sell the Units and pay to Lessor on the day the Lease terminates for all Units the proceeds of sale (without deductions) of each such Unit (which sale shall occur on the date the Lease terminates for such Units and shall be for cash). If the proceeds received for all Units exceed the amount of the balloon payment Lessee shall retain the excess. If the proceeds are less than the balloon payment, Lessee shall pay Lessor the difference between the amount of the balloon payment and the amount of the sale proceeds, provided, however, Lessee shall not be obligated to pay (excluding sale proceeds) to Lessor an amount which exceeds 19.24% of the Purchase Price of all Units.

Lessee's election shall be irrevocable at the time made. If Lessee fails to make an election, Lessees shall be deemed to

have elected option (a). If Lessee elects option (b), they shall, upon election pay Lessor a termination option fee of one dollar for each Unit.

Lessee shall prior to the expiration of this Lease use best efforts to obtain a purchaser or purchasers which are not affiliated in any way with Lessee for the Units. Lessee shall hire and pay for sales agents in any locations directed by Lessor. Any sale by Lessee shall be for the highest cash bid submitted to Lessee, including any bid submitted by Lessor. Prior to expiration of the Lease, if Lessor undertakes any sales efforts, any such sales efforts to be entirely at Lessor's option, Lessee shall promptly reimburse Lessor for any charges, costs and expenses incurred in such effort, including any charges, costs and expenses of the Legal Department of Bank of America National Trust and Savings Association.

To facilitate the sale of the Units and to assure the best possible sales price for the Units, Lessee, at its expense, shall do, at least, all of the following. During the first six months of the commencement of the Sales Period, Lessee shall collect all Units and deliver them to storage in a location or locations designated by Lessor in the continental United States and thereafter maintain the Units in first class condition in those location(s). If Lessee shall fail to deliver all Units to storage within the time specified Lessee shall pay Lessor five dollars for each undelivered Unit.

Lessee shall allow unlimited inspection and testing by potential purchasers and Lessor, and shall pay the travel costs for all inspectors and testers, as well as any fees charged by governmental or industry testing agencies and testing companies. Lessee shall, consistent with its normal operations, ship sample Units roundtrip, insured, to potential purchasers for inspection and testing, as may be requested. Lessee shall promptly provide any information, records or computer printouts requested by Lessor or potential purchasers.

Lessee shall be responsible for all costs of sale and shall provide, at Lessee's expense, such equipment configurations, repairs, corrections and modifications as shall be necessary or desirable to Lessor or any purchaser, provided, however, that such equipment configurations, repairs, corrections and modifications shall be consistent with the use of the Units for grain storage and carriage, and provided, further, that such equipment configurations, repairs, corrections and modifications shall be limited to the return of the Units to a condition equal to, but not better than, their condition at the inception of this Lease.

On behalf of purchasers, Lessee shall store and insure at their expense Units for up to one month after the date the Lease terminates if requested. Lessee shall place the Units in good working condition and meeting operating, health, safety and environmental standards in the United States. Lessee shall

inspect and certify that each Unit at the date the Lease terminates meets all DOT test requirements. During the Sales Period Lessee shall not acquire, by purchase or lease, covered hopper rail cars of a type or types similar to the Units other than those Lessee would acquire in accordance with its standard business practice. Lessee shall prepare all Units for shipping, insure and ship the Units, and otherwise do all things necessary to deliver sold Units to purchasers, however, purchaser shall pay any shipping expense.

Upon Lessee's payment of the balloon payment or sales price, as the case may be, in United States dollars, Lessor shall execute and deliver, to Lessee, or its assignee or nominee, a bill of sale (without representations or warranties except that each such Unit is free and clear of all claims, liens, security interests and other encumbrances by or in favor of any person claiming by, through or under Lessor) for such Units, and such other documents as may be required to release such Units from the terms and scope of this Lease and to transfer title thereto to Lessee or such assignee or nominee, in such form as may reasonably be requested by Lessee, all at Lessee's expense.

EXHIBIT A
TO
LEASE INTENDED FOR SECURITY

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

ELDERS GRAIN, INC., a Delaware corporation ("SELLER"), is the owner of the full, legal and beneficial title to 535 type C-113L covered hopper railroad cars bearing Association of American Railroads reporting marks as set forth on Annex 1 hereto and all appliances, parts, instruments, appurtenances, accessories, furnishings, logs, manuals and/or other equipment or property installed on or attached to said railroad cars (the "Units").

For and in consideration of the sum of Twelve Million Six Hundred Fifty Five Thousand Three Hundred United States Dollars (\$12,655,300.00) and other valuable consideration, SELLER does this _____ day of March, 1988, grant, convey, transfer, bargain and sell, deliver and set over all of SELLER's right, title and interest in and to the above-described Units unto B.A. LEASING CORPORATION, a Delaware corporation ("BUYER"); and BUYER hereby accepts such right, title and interest.

SELLER hereby warrants to BUYER, its successors and assigns that Seller has legal title to and beneficial ownership of, and good and lawful right to sell the Units and that the Units are free and clear of any and all claims, liens, security interest and other encumbrances of any kind whatsoever, that there is hereby conveyed to BUYER on the date hereof good and valid title to the aforesaid Units, free and clear of all liens, encumbrances and rights of others, and that it will warrant and defend such title forever against all claims and demands whatsoever.

SELLER hereby assigns to Buyer all of Seller's rights, to the extent relating to the Units, against the manufacturer or any vendor or supplier of the Units, including any warranty express or implied, as to title, materials, workmanship, design or patent infringement or otherwise including, without limitation, all claims for damages and any and all rights of Seller to compel performance of the terms of any bill of sale or other purchase document relating to the Units.

IN WITNESS WHEREOF, SELLER has caused this instrument to be executed and its seal to be affixed this _____ day of March, 1988.

ELDERS GRAIN, INC.

[SEAL]

By:

HAROLD A. CARTER
EXECUTIVE VICE PRESIDENT
ELDERS GRAIN, INC.

ANNEX 1
TO
BILL OF SALE

<u>Reporting Marks</u>	<u>Month and Year Built</u>	<u>Builder</u>
LGIX 225-229	April 1974	Pullman
LGIX 231-236	April 1974	Pullman
LGIX 238-246	April 1974	Pullman
LGIX 248-258	April 1974	Pullman
LGIX 260-271	April 1974	Pullman
LGIX 273-274	April 1974	Pullman
LGIX 315-349	May 1975	ACF IND.
LGIX 351-364	May 1975	ACF IND.
LGIX 366-374	May 1975	ACF IND.
LGIX 375-379	August 1979	ACF IND.
LGIX 381-383	August 1979	ACF IND.
LGIX 385-400	August 1979	ACF IND.
LGIX 402-407	August 1979	ACF IND.
LGIX 409-427	August 1979	ACF IND.
LGIX 429-459	August 1979	ACF IND.
LGIX 461-484	March 1980	Trinity
LGIX 487	April 1980	Trinity
LGIX 488-494	March 1980	Trinity
LGIX 496-497	April 1980	Trinity
LGIX 498-499	April 1980	Trinity
LGIX 500-503	March 1980	Trinity
LGIX 505-508	March 1980	Trinity
LGIX 509	April 1980	Trinity
LGIX 510	April 1980	Trinity
LGIX 511	April 1980	Trinity
LGIX 513-514	April 1980	Trinity
LGIX 515	March 1980	Trinity
LGIX 516-519	April 1980	Trinity
LGIX 521-532	April 1980	Trinity
LGIX 534-542	April 1980	Trinity
LGIX 544-559	April 1980	Trinity
LGIX 560-617	November 1980	ACF IND.
LGIX 619-660	November 1980	ACF IND.
LGIX 661	November 1980	ACF IND.
LGIX 662-674	November 1980	ACF IND.
LGIX 676-698	November 1980	ACF IND.
LGIX 699	November 1980	ACF IND.
LGIX 701-710	November 1980	ACF IND.
LGIX 711-714	November 1980	ACF IND.

LGIX 715-719	November 1980	ACF IND.
LGIX 720	November 1980	ACF IND.
LGIX 722	November 1980	ACF IND.
LGIX 723	November 1980	ACF IND.
LGIX 725-726	November 1980	ACF IND.
LGIX 728	November 1980	ACF IND.
LGIX 729	November 1980	ACF IND.
LGIX 731	November 1980	ACF IND.
LGIX 733-749	November 1980	ACF IND.
LGIX 751-758	November 1980	ACF IND.
LGIX 760-782	November 1980	ACF IND.
LGIX 784-795	November 1980	ACF IND.
LGIX 797-798	November 1980	ACF IND.
LGIX 800-823	November 1980	ACF IND.
LGIX 825-834	November 1980	ACF IND.

EXHIBIT B
TO
LEASE INTENDED FOR SECURITY

ACCEPTANCE SUPPLEMENT

Reference is made to the Lease Intended for Security dated as of March 31, 1988, between Elders Grain, Inc., as Lessee, and B. A. Leasing Corporation, as Lessor. All capitalized terms used herein shall have the same meaning as such terms have in such Lease.

Lessee confirms that the following Units have been accepted by Lessee for leasing under the Lease, that such Units have become subject to and governed by the provisions of the Lease, and that Lessee is obligated to pay the rentals and all other sums provided for in the Lease with respect to such Units:

<u>Reporting Marks</u>	<u>Month and Year Built</u>	<u>Builder</u>	<u>Purchase Price</u>
LGIX 225-229	April 1974	Pullman	All Units built
LGIX 231-236	April 1974	Pullman	in 1974 --
LGIX 238-246	April 1974	Pullman	\$16,500 each
LGIX 248-258	April 1974	Pullman	
LGIX 260-271	April 1974	Pullman	
LGIX 273-274	April 1974	Pullman	
LGIX 315-349	May 1975	ACF IND.	All Units built
LGIX 351-364	May 1975	ACF IND.	in 1975 --
LGIX 366-374	May 1975	ACF IND.	\$18,000 each
LGIX 375-379	August 1979	ACF IND.	All Units built
LGIX 381-383	August 1979	ACF IND.	in 1979 --
LGIX 385-400	August 1979	ACF IND.	\$24,100 each
LGIX 402-407	August 1979	ACF IND.	
LGIX 409-427	August 1979	ACF IND.	
LGIX 429-459	August 1979	ACF IND.	
LGIX 461-484	March 1980	Trinity	All Units built
LGIX 487	April 1980	Trinity	in 1980 --
LGIX 488-494	March 1980	Trinity	\$25,400 each
LGIX 496-497	April 1980	Trinity	
LGIX 498-499	April 1980	Trinity	
LGIX 500-503	March 1980	Trinity	
LGIX 505-508	March 1980	Trinity	
LGIX 509	April 1980	Trinity	
LGIX 510	April 1980	Trinity	
LGIX 511	April 1980	Trinity	
LGIX 513-514	April 1980	Trinity	
LGIX 515	March 1980	Trinity	
LGIX 516-519	April 1980	Trinity	
LGIX 521-532	April 1980	Trinity	

<u>Reporting Marks</u>	<u>Month and Year Built</u>	<u>Builder</u>
LGIX 534-542	April 1980	Trinity
LGIX 544-559	April 1980	Trinity
LGIX 560-617	November 1980	ACF IND.
LGIX 619-660	November 1980	ACF IND.
LGIX 661	November 1980	ACF IND.
LGIX 662-674	November 1980	ACF IND.
LGIX 676-698	November 1980	ACF IND.
LGIX 699	November 1980	ACF IND.
LGIX 701-710	November 1980	ACF IND.
LGIX 711-714	November 1980	ACF IND.

CONTINUED PAGE 3

Total Purchase Price

\$12,655,300.00

The Delivery Date in respect of such Units is March __, 1988.

IN WITNESS WHEREOF, Lessee has executed this Acceptance Supplement as of the Delivery Date set forth above.

ELDERS GRAIN, INC.

By: _____
Title:

State of)
County of) SS.
)

BEFORE ME, the undersigned notary, on this day personally appeared _____, to me personally known who, being by me dully sworn, says that he/she is a _____ of Elders Grain, Inc. ("Company"), that the above Acceptance Supplement was signed on behalf of the said Company by authority of its Board of Directors and he/she acknowledged that the execution of the foregoing Acceptance Supplement was the free act and deed of the said Company.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this ____ day of March, 1988.

Notary Public

My Commission Expires:

LGIX 715-719	November 1980	ACF IND.
LGIX 720	November 1980	ACF IND.
LGIX 722	November 1980	ACF IND.
LGIX 723	November 1980	ACF IND.
LGIX 725-726	November 1980	ACF IND.
LGIX 728	November 1980	ACF IND.
LGIX 729	November 1980	ACF IND.
LGIX 731	November 1980	ACF IND.
LGIX 733-749	November 1980	ACF IND.
LGIX 751-758	November 1980	ACF IND.
LGIX 760-782	November 1980	ACF IND.
LGIX 784-795	November 1980	ACF IND.
LGIX 797-798	November 1980	ACF IND.
LGIX 800-823	November 1980	ACF IND.
LGIX 825-834	November 1980	ACF IND.

EXHIBIT C
TO
LEASE INTENDED
FOR SECURITY

History of Ownership
of the Units

1. All Units originally built in 1974 and 1975, set forth in Group A below, were acquired by Lincoln Industries, Inc. from their respective origin of manufacturers. Effective April 1, 1982 Lincoln Industries, Inc. sold each of these Units to Fremont & Western, Inc., a wholly-owned subsidiary of Lincoln Industries, Inc. On March 27, 1988 Fremont and Western, Inc. sold each of these Units to Lessee.

2. All Units originally built in 1979 and 1980, set forth in Group B below, were acquired by Fremont & Western, Inc. from their original manufacturer. On March 29, 1988 Fremont & Western, Inc. sold each of these Units to Lessee.

Group A

REPORTING MARKS	# OF CARS	MO/YEAR BUILT	BUILDER	PURCHASE DATE
LGIX 225-229	5	APRIL 1974	PULLMAN	APRIL 1974
LGIX 231-236	6	APRIL 1974	PULLMAN	APRIL 1974
LGIX 238-246	9	APRIL 1974	PULLMAN	APRIL 1974
LGIX 248-258	11	APRIL 1974	PULLMAN	APRIL 1974
LGIX 260-271	12	APRIL 1974	PULLMAN	APRIL 1974
LGIX 273-274	2	APRIL 1974	PULLMAN	APRIL 1974

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LGIX 315-349	35	MAY 1975	ACF IND.	MAY 1975
LGIX 351-364	14	MAY 1975	ACF IND.	MAY 1975
LGIX 366-374	9	MAY 1975	ACF IND.	MAY 1975

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Group B

REPORTING MARKS	# OF CARS	MO/YEAR BUILT	BUILDER	PURCHASE DATE
LGIX 375-379	5	AUGUST 1979	ACF IND.	SEPTEMBER 1979
LGIX 381-383	3	AUGUST 1979	ACF IND.	SEPTEMBER 1979
LGIX 385-400	16	AUGUST 1979	ACF IND.	SEPTEMBER 1979
LGIX 402-407	6	AUGUST 1979	ACF IND.	SEPTEMBER 1979
LGIX 409-427	19	AUGUST 1979	ACF IND.	SEPTEMBER 1979
LGIX 429-459	31	AUGUST 1979	ACF IND.	SEPTEMBER 1979

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REPORTING MARKS	# OF CARS	MO/YEAR BUILT	BUILDER	PURCHASE DATE
LGIX 461-484	24	MARCH 1980	TRINITY	MARCH 1980
LGIX 487	1	APRIL 1980	TRINITY	APRIL 1980
LGIX 488-494	7	MARCH 1980	TRINITY	MARCH 1980
LGIX 496-497	2	APRIL 1980	TRINITY	APRIL 1980
LGIX 498-499	2	APRIL 1980	TRINITY	APRIL 1980
LGIX 500-503	4	MARCH 1980	TRINITY	MARCH 1980
LGIX 505-508	4	MARCH 1980	TRINITY	MARCH 1980
LGIX 509	1	APRIL 1980	TRINITY	APRIL 1980
LGIX 510	1	APRIL 1980	TRINITY	APRIL 1980
LGIX 511	1	APRIL 1980	TRINITY	APRIL 1980
LGIX 513-514	2	APRIL 1980	TRINITY	APRIL 1980
LGIX 515	1	MARCH 1980	TRINITY	MARCH 1980
LGIX 516-519	4	APRIL 1980	TRINITY	APRIL 1980
LGIX 521-532	12	APRIL 1980	TRINITY	APRIL 1980
LGIX 534-542	9	APRIL 1980	TRINITY	APRIL 1980
LGIX 544-559	16	APRIL 1980	TRINITY	APRIL 1980
LGIX 560-617	58	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 619-660	42	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 661	1	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 662-674	13	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 676-698	23	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 699	1	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 701-710	10	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 711-714	4	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 715-719	5	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 720	1	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 722	1	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 723	1	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 725-726	2	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 728	1	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 729	1	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 731	1	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 733-749	17	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 751-758	8	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 760-782	23	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 784-795	12	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 797-798	2	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 800-823	24	NOVEMBER 1980	ACF IND.	NOVEMBER 1980
LGIX 825-834	10	NOVEMBER 1980	ACF IND.	NOVEMBER 1980

EXHIBIT D
TO
LEASE INTENDED
FOR SECURITY

GUARANTY (this "Guaranty"), made as of March 31, 1988, by Elders IXL Limited, a corporation formed under the laws of South Australia ("Guarantor").

I N T R O D U C T I O N

A. Pursuant to a Lease Intended for Security dated as of March 31, 1988 (the "Lease"), between B.A. Leasing Corporation, a Delaware corporation ("Lessor") and Elders Grain, Inc., a Delaware corporation ("Lessee"), Lessor has agreed, or will agree, to purchase certain Units (such terms and all other capitalized terms used herein and not otherwise defined herein having the meaning specified therefor in the Lease) from and to lease such Units to Lessee, a wholly owned subsidiary of Guarantor.

B. To induce Lessor to purchase the Units and to enter into the Lease, Guarantor has agreed to guarantee Lessee's obligations under the Lease, all as more particularly set forth herein.

NOW THEREFORE, in consideration of the foregoing premises, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Guarantor hereby agrees for the benefit of Lessor and its successors and assigns as follows:

SECTION 1. Guaranty

1.1 Guarantor's Obligations.

(a) Guarantor unconditionally guarantees, as primary obligor and not as surety, to Lessor, (i) the punctual payment when due of all Basic Rent and all other payment obligations of Lessee to Lessor now or hereafter arising under the Lease as now in effect or as it may be modified, supplemented or amended hereafter, (ii) the punctual performance and discharge when due of all other obligations of Lessee to Lessor now or hereafter arising

under the Lease, and (iii) any and all fees and expenses (including, without limitation, reasonable attorneys' fees, including allocated time charges of internal counsel, subject to the same limitations, if any, imposed on such fees and expenses in the Lease) incurred by Lessor in enforcing any rights of Lessor under this Guaranty. If any of the foregoing obligations of Lessee are not paid, performed or discharged when due under the Lease, Guarantor will immediately, upon demand, pay, perform or discharge such obligations.

(b) Guarantor further hereby agrees to pay, indemnify and hold harmless Lessor from any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal fees and expenses of whatsoever kind and nature, imposed on, incurred by or asserted against Lessor as the result of any material breach of the representations and warranties of Lessee contained in each of the bills of sale delivered by Lessee in connection with the delivery of the Units under the Lease.

(c) The obligations referred to in subsections (a) and (b) of this Section 2.1 are collectively referred to herein as the "Obligations."

1.2 Nature of Guarantor's Obligations.

(a) Guaranty Absolute. The liability of Guarantor under this Guaranty with respect to each and all of the Obligations shall be irrevocable and shall be absolute and unconditional, irrespective of any matter, including, without limitation:

(i) any compromise, amendment, waiver, settlement, indulgence, extension, renewal or modification of, or any consent to departure from, the Lease, including, without limitation, any waiver or consent involving a change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations;

(ii) any exchange, release or nonperfection of any collateral, including, without limitation, any of the Units, or any release or amendment or waiver of or consent to departure from any other guaranty or security agreement, for all or any of the Obligations;

(iii) any extension of the time for payment or performance by Lessee, Guarantor of any obligation under the Lease or this Guaranty;

(iv) any failure, omission or delay by Lessor to enforce, assert or exercise any right, power or remedy conferred on or available to it;

(v) any inability of Lessee to perform, or the release of Lessee from the performance or observance of any agreement, covenant, term or condition contained in the Lease for any reason (whether or not Guarantor shall have any knowledge or notice thereof), including, without limitation, by operation of any law, regulation or decree, now or hereafter in effect;

(vi) the voluntary or involuntary liquidation, dissolution, sale of assets, marshalling of assets and liabilities, receivership, conservatorship, custodianship, insolvency, bankruptcy, assignment for benefit of creditors, reorganization, arrangement, composition or readjustment of or similar proceeding affecting Lessor, Lessee or Guarantor;

(vii) any change in corporate relationship between Lessee and Guarantor or any termination of such relationship;

(viii) any counterclaim, setoff, deduction or defense Guarantor may have against Lessor or Lessee and Guarantor waives and agrees not to assert against Lessor any counterclaim, setoff, deduction or defense Guarantor may have against Lessor;

(ix) any assignment or subleasing of the Units;

(x) the inability of Lessor to enforce any provision of the Lease for any reason;

(xi) the genuineness, validity, regularity or enforceability of any of Lessee's obligations under the Lease;

(xii) any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of the Lease or any of Lessor or its successors and assigns, rights, powers or remedies thereunder as against Lessee, or which might cause or permit to be invoked any alteration in the time, amount or manner of payment or performance of Lessee's obligations under the Lease;

(xiii) the merger or consolidation of Lessee with or into any corporation or the sale by Lessee of all or any part of its assets;

(xiv) the discontinuation of Guarantor's control of Lessee;

(xv) the physical condition of any Unit when surrendered by Lessee; or

(xvi) any other circumstance whatsoever, whether similar or dissimilar to the foregoing, which might otherwise constitute a legal or equitable defense available to, or a discharge of, Guarantor in respect of this Guaranty.

Guarantor irrevocably waives any requirement of diligence, presentment, protest, or promptness on the part of Lessor, its successors or assigns, in making demand, commencing suit or exercising any other right or remedy under the Lease.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by Lessor upon the insolvency, bankruptcy or reorganization of Lessor, Lessee or Guarantor or otherwise, all as though such payment had not been made. If the payment or any sum required to be made by Lessee under the Lease is at any time prevented by reason of a case or proceeding under bankruptcy, insolvency or other similar law, Guarantor agrees that, for purposes of this Guaranty and its obligations hereunder, such sum shall be deemed to be payable in accordance with the terms of the Lease, and Guarantor shall immediately pay such sum and any other amounts guaranteed hereunder without further notice or demand. Guarantor expressly consents to the assignment of this Agreement as collateral in connection with any assignment of the Lease and, for all purposes, including, without limitation, under Section 9-206 of the Uniform Commercial Code, agrees that the obligations of Guarantor are not subject to counterclaim, setoff, deduction, abatement, recoupment, suspension, deferment or defense based upon any claim that Guarantor may have against Lessor, and all liabilities to which they apply or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon.

(b) Notwithstanding Disaffirmance of Lease. If the Lease is rejected or disaffirmed by Lessee or Lessee's trustee in bankruptcy or similar representative pursuant to the Federal bankruptcy law or any other law affecting creditors' rights including, without limitation, disaffirmance or rejection of this Lease pursuant to Section 365(a) of the Bankruptcy Code or similar provision of applicable law now or hereafter in effect, Guarantor assumes (without the necessity of any further agreement or act), all obligations and liabilities of Lessee under the Lease to the same extent as if (i) Guarantor had originally been named the Lessee under the Lease and the other Documents and had originally executed the Lease and the other Documents and (ii) there had been no such rejection or disaffirmance, and Guarantor, upon request of Lessor, will confirm such assumption upon or after such rejection or disaffirmance.

(c) Waiver. Guarantor unconditionally waives, to the extent permitted by Applicable Law, (i) any requirement that Lessor protect, secure, perfect or insure any security interest or lien on any property subject thereto or (ii) that Lessor exhaust any right or take any action against Lessee, any other guarantor or any other person or any collateral, (iii) any and all rights Guarantor may have or that at any time hereafter may be conferred upon it, by statute (including but not limited to any statute of limitations), regulation or otherwise, to terminate or cancel this Guaranty, (iv) all notices which may be required by statute, rule of law or otherwise to preserve any rights against Guarantor hereunder, including, without limitation, any demand, proof or notice of nonpayment of any Rent or any other amounts payable under the Lease and notice of any failure on the part of Lessee to perform and comply with any term or condition of the Lease, (v) any rights to the enforcement, assertion or exercise of any right, remedy, power or privilege under or in respect of the Lease other than, as to Lessor, any such right Lessee may have against Lessor, (vi) any requirement of diligence, and (vii) notice of acceptance of this Guaranty. Lessor shall have the right to bring suit directly against Guarantor with respect to the Obligations owed it, either prior to or concurrently with any lawsuit against, or without bringing suit against Lessee.

1.3 Guaranty Payments.

(a) Demand. Upon written demand by Lessor, Guarantor shall immediately pay to Lessor the amount of the guaranteed Obligation due to Lessor hereunder stated in such demand.

(b) Time, Manner, Late Charge. All amounts payable hereunder shall be payable on the date due if such day is a day on which national banks in San Francisco, California are open for business (a "Business Day") otherwise such payment shall be payable on the next succeeding Business Day. Any amount hereunder not paid when due shall bear interest at the rate of interest applicable to late payments set forth in the Lease. All payments hereunder shall be made in immediately available United States Dollars in the United States, without setoff or counterclaim or reduction on account of any withholding or similar taxes.

1.4 Guarantor Acknowledgments.

(a) Independent Action and Risk Assessment.
Guarantor confirms, represents and warrants to Lessor that:

(i) Guarantor is aware of, and has assumed, the risks involved in this transaction, including those associated with the condition (financial or otherwise), creditworthiness, affairs, status and nature of Lessee;

(ii) Guarantor has independently determined to incur its obligations hereunder, and Guarantor understands that Lessor is relying upon this Guaranty and that Lessor would not enter into the Lease except in reliance upon Guarantor to honor its obligations under this Guaranty in accordance with its terms;

(iii) Guarantor has not relied upon any information provided by Lessor with respect to Lessee, and Lessor has not made any representation or warranty to Guarantor with respect to Lessee or the matters referred to in subparagraph (i) of this paragraph (a); and

(iv) Guarantor has not relied and will not hereafter rely on Lessor (A) to check or inquire on behalf of Guarantor into the adequacy, accuracy or completeness of any information or document provided by Lessee under or in connection with the Lease or this Guaranty or the transactions therein or herein contemplated (whether or not such information or document has been or is hereafter distributed to Guarantor by Lessor or (B) to assess or review on behalf of Guarantor the condition (financial or otherwise), creditworthiness, affairs, status or nature of Lessee.

(b) Specific Performance. Guarantor stipulates that the remedies at law in respect to any default or threatened default by Guarantor in the performance of or compliance with any of the terms of this Guaranty are not and will not be adequate, and that any of such terms may be specifically enforced by a decree for specific performance or by an injunction against violation of any of such terms or otherwise.

(c) Continuing Guaranty. This Guaranty is a continuing guaranty and shall, as to Lessor, (i) remain in full force and effect in accordance with the terms hereof until all of the Obligations owed Lessor have been paid, performed and discharged in full, (ii) be binding upon Guarantor, its successors and assigns, and (iii) inure to the benefit of and be enforceable by the successors, transferees and assigns of Lessor permitted by the Lease. This Guaranty shall constitute a guaranty of payment and performance, not of collection, and Guarantor agrees that, in the discharge of its obligations, no judgment, order, or exhaustion need be obtained, and no action, suit or proceeding need be brought, and no other remedies need be exhausted against Lessee or any other person for performance hereunder. Guarantor waives any right it may have to (1) require Lessor to proceed against Lessee or any collateral, or (2) require Lessor to pursue any remedy within its power.

SECTION 2. Guarantor Representations and Warranties.

Guarantor confirms, represents and warrants to Lessor that:

(a) All representations and warranties of Lessee in the Lease are true and correct.

(b) Guarantor is a corporation duly organized, validly existing and in good standing under the laws of South Australia.

(c) Guarantor is duly licensed or qualified to own its properties and to transact business wherever necessary to carry on its present business and operations.

(d) Guarantor has full power and authority, corporate and otherwise, to execute, deliver, and perform its obligations under this Guaranty, and to perform and observe the terms and conditions of all documents, agreements or instruments executed in connection herewith.

(e) The officers of Guarantor executing this Guaranty are duly and properly in office and fully authorized to execute this Guaranty.

(f) Guarantor has full power and authority, corporate and otherwise, to sue and be sued in the courts of Australia and of the United States of America for the Northern District of the State of California or wherever Guarantor or any of its assets may be found, and to appoint an agent in the United States of America to accept service of process on its behalf.

(g) The execution, delivery and performance of this Guaranty and all documents, agreements or instruments executed in connection herewith have been duly authorized by all necessary action on the part of Guarantor and do not and will not contravene any law, governmental rule, regulation, order, instrument, document or agreement binding on Guarantor or any subsidiary of Guarantor pursuant to Section 7(1) of the Companies (South Australia) Code (a "Subsidiary"), and all approvals or consents of any governmental authority required in connection with this Guaranty and all documents, agreements or instruments executed in connection herewith, including any required exchange office approvals for the payment of Obligations and all other amounts payable hereunder in immediately available, freely transferable United States dollars, have been obtained.

(h) Neither Guarantor nor any Subsidiary is in breach of any of the terms, covenants, conditions and provisions of or in default under, or has done or omitted to do anything which, with the giving of notice or lapse of time or both, might constitute a default under, any law, decree, regulation or similar enactment, any instrument, agreement or other obligation or any judgment, injunction or other order or award of any judicial, administrative, governmental or other authority or arbitrator by which it or any of its assets is bound and which is likely to have a material adverse effect on the financial condition, business or operations of Guarantor or any Subsidiary.

(i) No action or proceeding has been instituted nor is any governmental action threatened before any court or governmental agency, nor has any order, judgment or decree been issued or proposed to be issued by any court or governmental agency to set aside, restrain, enjoin or prevent the completion and consummation of this Guaranty.

(j) There are no pending or, to Lessees' knowledge, threatened actions or proceedings before any court or administrative agency against Guarantor or any Subsidiary which, if adversely determined to Guarantor or any Subsidiary, would have a materially adverse effect on the financial condition, business or operations of Guarantor or any Subsidiary, or the ability of Guarantor or any Subsidiary to carry on its business or to perform its obligations under this Guaranty;

(k) Guarantor is not a "national" of any foreign country designated in Executive Order No. 8389, as amended, or of any "designated enemy country" as defined in Executive Order No. 9193, as amended, by the President of the United States, within the meaning of said Executive Orders, as amended, or of any regulations, interpretations or rulings issued thereunder, or a "national" of any "designated foreign country" within the meaning of the Foreign Assets Control Regulations or the Cuban Assets Control Regulations of the United States Treasury Department, 31 Code of Federal Regulations, Subtitle B, Chapter V, or of any regulations, interpretations or rulings issued thereunder.

(l) This Guaranty is a legal, valid and binding obligation of and enforceable against Guarantor in accordance with its terms.

(m) Guarantor shall obtain and maintain in full force and effect and comply with the terms of all authorizations, approvals, licenses, registrations, consents and declarations from all legislative bodies of government, ministries, agencies and other authorities for the time being required by the laws of the place of its incorporation or otherwise appropriate in order for Guarantor to incur the obligations assumed by it in or pursuant to this Guaranty and for Guarantor (i) to execute and deliver all other documents and instruments to be delivered by it pursuant to this Guaranty, (ii) to perform and observe the terms and provisions hereof and thereof, and (iii) to render this Guaranty legal, valid, binding and admissible in evidence.

SECTION 3. Subordination; Subrogation.

Any indebtedness of Lessee now or hereafter held by Guarantor is subordinated to the obligations of Lessee to Lessor; provided, however, the foregoing shall not be effective until (i) the occurrence and continuance of an Event of Default and (ii) the failure of Guarantor to comply promptly with its obligations under this Guaranty following

such Event of Default. From and after the effectiveness of the foregoing, any payment received on account of such indebtedness shall be held by Guarantor as trustee for Lessor and paid over to Lessor, but without affecting or impairing in any manner the liability of Guarantor under the other provisions of this Guaranty. From and after the effectiveness of the foregoing, any instruments now or hereafter evidencing any indebtedness of Lessee to Guarantor shall be marked with a legend that the same are subject to this Guaranty and, if Lessor so requests, shall be delivered to Lessor.

SECTION 4. Guaranty Defaults.

The occurrence and continuance of any of the following events constitutes a "Guaranty Default":

(a) Guarantor fails to pay any amount payable by it under this Guaranty within 10 days after such payment becomes due; or

(b) Any representation or warranty made by Guarantor under or this Guaranty or any document delivered pursuant hereto or thereto proves to have been incorrect in any material respect when made; or

(c) Guarantor fails to perform or observe any other term, covenant or agreement contained in this Guaranty on its part to be performed or observed and any such failure shall remain unremedied for 30 days after written notice thereof is given to Guarantor by Lessor; or

(d) Guarantor generally does not pay its debts as such debts become due, or admits in writing its inability to pay its debts generally, or makes a general assignment for the benefit of creditors or institutes any proceeding or voluntary case seeking to adjudicate itself a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of its or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property; or Guarantor takes any corporate action to authorize any of the actions set forth above in this subsection (d); or

(e) Any proceeding is instituted against Guarantor seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, and either such proceeding remains undismissed or unstayed for a period of 90 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) occurs; or

(f) Any material provision of this Guaranty (including, without limitation, any provision which provides for or affects payment obligations) which was valid and binding on Guarantor at the time this Guaranty was entered into, at any time thereafter for any reason ceases to be valid and binding on Guarantor.

SECTION 5. Miscellaneous.

5.1 Amendment. This Guaranty shall not be varied in its terms except by an instrument in writing of even or subsequent date hereto, executed by the duly authorized representatives of Guarantor and Lessor.

5.2 Notices. Except as expressly otherwise provided herein, all notices and other communications under this Guaranty shall be deemed to have been duly given or made when delivered in writing to an officer of the party designated to receive the same or by telex or telegram or any other customary means of communication addressed to each person at its address set forth below or such other address as such party may notify the other:

Address: Elders IXL Limited
One Garden Street
South Yarre, Victoria, Australia

Address: B.A. Leasing Corporation
Two Embarcadero Center
10th Floor
San Francisco, California, USA 94111

5.3 Headings. The headings of the various sections of this Guaranty are for convenience of reference only and

shall not modify, define, expand or limit any of the terms or provisions hereof.

5.4 Partial Invalidity. Any provision of this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent to such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction.

5.5 Waiver. No waiver of any of the terms and conditions of this Guaranty and no notice to or demand on Guarantor in any case shall entitle Guarantor to any other or further notice or demand in similar or other circumstances or constitute the waiver of the rights of Lessor to any other or further action in any circumstances without notice or demand. No failure or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

5.6 Enforcement. Guarantor agrees to pay all reasonable out-of-pocket costs and expenses incurred by or on behalf of Lessor or any successor or assignee of Lessor in connection with the enforcement hereof against Guarantor (including, without limitation, the reasonable fees and disbursements of counsel, including allocated time charges of internal counsel). Guarantor agrees that Lessor may bring suit against Guarantor without joining Lessee.

5.7 Counterparts. This Guaranty shall be executed in several original counterparts but all such counterparts shall together constitute one and the same instrument.

5.8 Governing Law. The parties intend this Agreement to be valid, binding, and enforceable in accordance with its terms under the laws of California, without reference to such jurisdiction's choice of law doctrines. If Lessor or its assignee commences such a suit in any other jurisdiction, the parties agree that this Guaranty shall be construed in accordance with the laws of California without reference to such jurisdiction's choice of law doctrines.

5.9 Jurisdiction; Service of Process. Guarantor (a) hereby irrevocably submits to the non-exclusive jurisdiction of the United States District Court for the Northern District of California and to the state courts of

California for the purposes of any suit, action or other proceeding between Guarantor, Lessor or any assignee of Lessor arising out of this Guaranty, or the subject matter hereof, and (b) to the extent permitted by Applicable Law, hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of the above-named courts, that its property is exempt or immune from execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper, or that any of the above mentioned documents or the subject matter of any thereof may not be enforced in or by such courts. Final judgment against Guarantor in any such suit shall be conclusive, and may be enforced in other jurisdictions by suit on the judgment, a certified or true copy of which shall be conclusive evidence of the fact and of the amount of any indebtedness or liability of such party therein described.

5.10 Appointment of Agent. Guarantor hereby irrevocably designates and appoints CT Corporation System, with offices on the date hereof at 700 South Flower Street, Los Angeles, California 90017 ("Agent"), or any of its successors as its attorney-in-fact to receive service of process in any action, suit or proceeding with respect to any matter as to which it submits to jurisdiction of courts in the United States, as set forth above, it being agreed that service upon such attorney-in-fact shall constitute valid service upon Guarantor or its successors or assigns. Service may be made by mailing a copy of any summons or other legal process in any action or proceeding to Agent, postage prepaid, and Agent is hereby authorized and directed to accept service of summons or other legal process on behalf of Guarantor. The mailing as herein provided shall be deemed personal service and accepted by Guarantor as such and shall be legal and binding upon Guarantor for purposes of any action or proceeding. Guarantor agrees that (a) the sole responsibilities of Agent shall be (i) to receive such process and (ii) to send a copy of any such process so received to Guarantor, by registered airmail, return receipt requested, at the address set forth for Guarantor herein, or at the last address filed in writing by Guarantor with Agent, and (b) Agent shall have no responsibility for the receipt or nonreceipt by Guarantor of such process, nor for any performance or nonperformance by Guarantor or Lessor or their successors or assigns. Guarantor hereby agrees to pay to Agent such compensation as shall be agreed upon from time to time for services hereunder. Final judgment against Guarantor in any suit shall be conclusive, and may be enforced in other jurisdictions by suit on the judgment, a

certified or true copy of which shall be conclusive evidence of the fact and of the amount of any indebtedness or liability of Guarantor therein described; provided always that the Lessor may, at its option, bring suit, or institute other judicial proceedings, against Guarantor or any of its assets in the courts of any country or place where Guarantor or such assets may be found. Guarantor agrees to promptly notify CT Corporation System of such appointment and to execute all papers and to pay all fees necessary to consummate the appointment. Guarantor further covenants and agrees that so long as this Guaranty shall be in effect, Guarantor shall maintain a duly appointed agent for the service of summonses and other legal processes in the State of California. In the event of the transfer of all or substantially all the assets and business of Agent to any other corporation by consolidation, merger, sale of assets or otherwise, such other corporation shall be substituted hereunder for Agent with the same effect as if named herein in place of CT Corporation System.

5.11 Waiver of Sovereign Immunity. To the extent Guarantor or any of its property may have or may hereafter acquire any right of sovereign immunity, Guarantor hereby irrevocably waives such right of sovereignty in respect of its obligations under this Guaranty.

5.12 Integration. This Guaranty constitutes the sole agreement of Guarantor for the benefit of Lessor with respect to the matters described herein.

EXECUTED as of the date first above mentioned.

as Guarantor

By _____

Its _____

By _____

Its _____